



CITY OF MILWAUKEE
EMERGING BUSINESS ENTERPRISE PROGRAM
PERFORMANCE BOND PROGRAM OVERVIEW

PURPOSE

The intention of this program is to spur economic development within the community, by developing bonding relationships between EBEs and surety companies. This public-private venture provides a non-transferable project irrevocable letter of credit with a minimum of 10% of the requested bond, not to exceed a maximum line of credit of \$50,000.00 to a participating surety company. North Milwaukee State Bank is the lending institution participating in the Performance Bond Program (PBP).

ELIGIBILITY REQUIREMENTS

- Must have a contract with the City of Milwaukee.
- Must be in business a minimum of three years.
- Must be certified with the City of Milwaukee.
- Must be located in the City of Milwaukee (Post office boxes are not acceptable).

PROCEDURE FOR FILING BOND APPLICATION

1. Standard bond information generally required should be submitted to the broker with the bond application (see Performance Bond Program Application Requirements)
2. The selected surety broker and applicant business must prepare and submit an application to the EBEP office requesting an irrevocable letter of credit.
3. Upon review of the application by the EBEP staff, a decision will be made to approve or deny the request. If the request is approved, a letter will be sent to the bank to issue the irrevocable line of credit. A written decision is forwarded to the surety broker with notification to the applicant. Applicant will be able to apply for 10% of the requested bond amount, not to exceed a maximum line of credit of \$50,000.
4. The EBEP Manager will authorize issuance of the irrevocable letter of credit after insuring that the application is consistent with EBEP criteria.
5. The bank will require a fee to be paid by the contractor if the letter of credit is approved.

PROCESS TIME OF APPLICATION

- If a contractor has never obtained bonding before and has none of the materials they would need to submit to a bond company, it may take an estimated 3 weeks to a month to obtain a bond request.
- If a contractor has obtained bonding in the past, it could be processed (depending on the bond market the contractor is established with) within 7 working days.

LETTER OF CREDIT APPROVAL

- Approval of a letter of credit means that the applicant and broker can leverage the letter of credit to enhance the applicant's bonding capacity.
- The applicant should be aware that upon default, the surety company will assert its claims against the fixed assets and /or cash the defaulting contractor.

LETTER OF CREDIT DENIAL

- The bank may refuse issuance of a letter of credit for reasons not associated with bonding criteria. The bank and bond company's decisions are final.

DOCUMENT CHECKLIST FOR PERFORMANCE BOND REVIEW

The following is a list of the major items that most lenders will require when you apply for a performance bond:

- ❑ Three to five fiscal year-end statements for the company
- ❑ Current personal financial statements of the company's owners and any affiliated business(es).
- ❑ A letter of credit from the bank or the cash equivalent
- ❑ Resumes of the key people of the company
- ❑ A copy of the company's buy/sell agreement
- ❑ A business plan
- ❑ An insurance certificate
- ❑ Marketing or promotional material – such as brochures for the business
- ❑ Additional documents that might be useful in establishing the quality of the business in terms of management experience and credit worthiness



**City
of
Milwaukee**

PERFORMANCE BOND PROGRAM APPLICATION

Emerging Business Enterprise Program

NOTE: BEFORE APPLYING, PLEASE BE AWARE THAT THE BOND IS NON-TRANSFERABLE. IT CAN ONLY BE USED FOR THE STATED CONTRACT.

PART A

1. PARTICIPATING CONTRACTOR/BUSINESS INFORMATION

NAME OF OWNER _____
TITLE _____
BUSINESS NAME _____
ADDRESS _____
PHONE _____

2. PARTICIPATING SURETY INFORMATION

NAME OF OWNER _____
TITLE _____
BUSINESS NAME _____
ADDRESS _____
PHONE _____

3. PARTICIPATING INSURANCE AGENT

NAME OF OWNER _____
TITLE _____
BUSINESS NAME _____
ADDRESS _____
PHONE _____

4. STRUCTURE OF BUSINESS (Check form applicable)

- ☐ SOLE PROPRIETORSHIP
- ☐ JOINT VENTURE
- ☐ PARTNERSHIP
- ☐ CORPORATION
- ☐ LIMITED LIABILITY CORPORATION

5. DATE BUSINESS WAS ESTABLISHED _____

6. NUMBER OF EMPLOYEES _____

7. WILL NUMBER OF EMPLOYEES INCREASE IF BONDING IS OBTAINED? ? YES ? NO

8. BRIEFLY DESCRIBE PRINCIPAL ACTIVITIES OF THE BUSINESS:

1. IS THE COMPANY CERTIFIED BY THE CITY OF MILWAUKEE CERTIFICATION PROGRAM AS AN EMERGING BUSINESS ENTERPRISE (EBE) UNDER THE CRITERIA SET FORTH IN CHAPTER 360, MILWAUKEE CODE OF ORDINANCES?

? YES ? NO

? YES ? NO

C. CURRENT BOND CAPACITY \$ _____

B. CONTRACT NUMBER: _____

6. CERTIFICATION STATEMENT OF BUSINESS

NOTARY PUBLIC

MY COMMISSION: ? IS PERMANENT ? EXPIRES: _____

PART C - SURETY ELIGIBILITY

1. DESCRIBE YOUR COMPANY'S UNDERWRITING CRITERIA

2. EXPLAIN THE NEED FOR CITY OF MILWAUKEE BOND ASSISTANCE

3. COULD BOND BE ISSUED WITHOUT CITY ASSISTANCE: ? YES ? NO

4. IS AGENT LICENSED TO DO BUSINESS IN THE STATE OF WISCONSIN?? YES ? NO

5. CONTRACT TO BE COVERED BY PERFORMANCE BOND:

A. CONTRACTING DEPARTMENT: _____

B. CONTRACT NUMBER: _____

6. CERTIFICATION STATEMENT OF SURETY COMPANY AND/OR AGENT

SURETY AGREES TO ASSIGN ANY RIGHTS IT MAY HAVE AGAINST THE PARTICIPATING CONTRACTOR TO THE CITY OF MILWAUKEE, SHOULD THE CITY OF MILWAUKEE INCUR ANY LIABILITY TO THE SURETY AS A RESULT OF THE BOND ASSISTANCE PROGRAM. THE SURETY AGREES TO OBTAIN AN INDEMNIFICATION FROM THE CONTRACTOR AS WELL AS ANY OTHER APPROPRIATE COLLATERAL. THE SURETY ALSO AGREES TO UTILIZE DUE DILIGENCE IN ATTEMPTING TO MAKE ITSELF AND THE CITY OF MILWAUKEE WHOLE AS A RESULT OF ANY DEFAULT ON THE PART OF THE CONTRACTOR. THE SURETY HEREBY AGREES TO NOTIFY THE CITY OF MILWAUKEE IMMEDIATELY UPON EXPIRATION OF THE BOND ISSUED AS A RESULT OF THE BOND ASSISTANCE PROGRAM. I/WE HEREBY STATE THAT ALL STATEMENTS MADE IN THIS APPLICATION ARE TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE. THERE ARE NO MATERIAL MISREPRESENTATIONS OR MISSTATEMENTS OF ANY INFORMATION CONTAINED HEREIN.

AUTHORIZED SIGNATURE

DATE

TITLE

SIGNED AND SEALED IN THE PRESENCE OF:
PERSONALLY CAME BEFORE ME THIS _____ DAY OF _____, 20_____. THE
ABOVED NAMED _____ TO ME KNOWN TO
BE THE PERSON(S) WHO EXECUTED THE FOREGOING INSTRUMENT AND ACKNOWLEDGED
THE SAME.

NOTARY PUBLIC

MY COMMISSION: ? IS PERMANENT

? EXPIRES: _____

PERFORMANCE BOND PROGRAM APPLICATION

ATTACHEMENT 1 - PARTICIPATING BOND BROKERS

Currently, participating bonding brokers in the PBP are as follows:

Broker	Contact Person	Phone No.	Fax No.
David Schuppler & Associates 11400 West Bluemound Road Wauwatosa, Wisconsin 53226	Sue L. Helgert	258-1302	258-5417
Reid Financial Consultant and Insurance Agency 4622 West Burleigh Street Milwaukee, Wisconsin 53210	Mary Reid	871-1930	871-2413

